

Consolidated Financial Statements, Supplemental Schedules
and Report of Independent Certified Public Accountants

ACCION INTERNATIONAL

December 31, 2015 and 2014

ACCION INTERNATIONAL

TABLE OF CONTENTS

	Page
Report of Independent Certified Public Accountants	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses	5 - 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 28
Supplemental Schedules	
Consolidating Schedule of Financial Position	30
Consolidating Schedule of Activities	31



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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

ACCION International

We have audited the accompanying consolidated financial statements of ACCION International and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACCION International and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying consolidating information as of and for the year ended December 31, 2014, is presented for purposes of additional analysis, rather than to present the financial position and statement of activities of the individual entities, and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Boston, Massachusetts
September 29, 2016

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 21,591,499	\$ 42,032,062
Short-term investments	91,457,399	88,215,277
Notes receivable from affiliates	992,243	2,429,096
Receivable from investments sold	6,249,180	-
Grants receivable - net	2,311,246	2,880,247
Contributions receivable - net	345,203	403,197
Contracts receivable	1,838,705	2,071,368
Microloans receivable- net	-	3,134,574
Prepaid expenses	971,179	1,265,354
Deposits, advances and other receivables	<u>543,591</u>	<u>602,571</u>
Total current assets	<u>126,300,245</u>	<u>143,033,746</u>
NONCURRENT ASSETS		
Cash restricted by foundation for long-term purposes	150,352	150,127
Notes receivable from affiliates	-	1,559,741
Grants receivable - net	2,356,759	3,396,131
Contributions receivable - net	360,000	494,870
Global Bridge Guarantee Program investments	6,771,867	7,547,484
Investments in affiliates	229,963,499	219,764,823
Property and equipment - net	<u>2,345,505</u>	<u>2,885,746</u>
Total non-current assets	<u>241,947,982</u>	<u>235,798,922</u>
Total assets	<u>\$ 368,248,227</u>	<u>\$ 378,832,668</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,928,797	\$ 5,984,964
Deferred revenue	574,895	315,872
Notes payable	<u>1,644,976</u>	<u>2,330,060</u>
Total current liabilities	<u>7,148,668</u>	<u>8,630,896</u>
NONCURRENT LIABILITIES		
Notes payable - net of current portion	<u>3,773,293</u>	<u>6,419,212</u>
Total non-current liabilities	<u>3,773,293</u>	<u>6,419,212</u>
Total liabilities	<u>10,921,961</u>	<u>15,050,108</u>
NET ASSETS		
Unrestricted		
Undesignated	336,312,897	347,563,625
Board designated	6,704,262	-
Noncontrolling interest in SCM	-	(29,883)
Noncontrolling interest in holding entities	<u>3,838,269</u>	<u>3,918,320</u>
Total unrestricted net assets	346,855,428	351,452,062
Temporarily restricted	<u>10,470,838</u>	<u>12,330,498</u>
Total net assets	<u>357,326,266</u>	<u>363,782,560</u>
Total liabilities and net assets	<u>\$ 368,248,227</u>	<u>\$ 378,832,668</u>

The accompanying notes are an integral part of these consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statements of Activities
Years ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Contributions and grants	\$ 10,564,105	\$ 4,384,642	\$ 14,948,747	\$ 5,093,301	\$ 12,729,043	\$ 17,822,344
Dividend and interest income from program investments	3,537,119	-	3,537,119	3,865,910	251	3,866,161
Dividend and interest income from short-term investments	2,984,494	-	2,984,494	2,824,647	-	2,824,647
Contract revenues and training fees	4,176,551	-	4,176,551	4,515,773	-	4,515,773
Net assets released from restrictions	<u>6,244,302</u>	<u>(6,244,302)</u>	<u>-</u>	<u>8,601,026</u>	<u>(8,601,026)</u>	<u>-</u>
Total revenues	<u>27,506,571</u>	<u>(1,859,660)</u>	<u>25,646,911</u>	<u>24,900,657</u>	<u>4,128,268</u>	<u>29,028,925</u>
FUNCTIONAL EXPENSES						
Program services						
Global Programs	12,020,737	-	12,020,737	17,288,164	-	17,288,164
Microlending	-	-	-	4,332,526	-	4,332,526
Global Investments	8,938,179	-	8,938,179	7,901,713	-	7,901,713
ACCION Investment Management Company	-	-	-	9,400	-	9,400
Center for Financial Inclusion	7,339,828	-	7,339,828	6,714,107	-	6,714,107
Communications	<u>1,444,695</u>	<u>-</u>	<u>1,444,695</u>	<u>1,928,390</u>	<u>-</u>	<u>1,928,390</u>
Total program services	<u>29,743,439</u>	<u>-</u>	<u>29,743,439</u>	<u>38,174,300</u>	<u>-</u>	<u>38,174,300</u>
Supporting services						
General and administrative	5,229,045	-	5,229,045	5,824,857	-	5,824,857
Fundraising	<u>2,637,253</u>	<u>-</u>	<u>2,637,253</u>	<u>2,643,116</u>	<u>-</u>	<u>2,643,116</u>
Total supporting services	<u>7,866,298</u>	<u>-</u>	<u>7,866,298</u>	<u>8,467,973</u>	<u>-</u>	<u>8,467,973</u>
Total functional expenses	<u>37,609,737</u>	<u>-</u>	<u>37,609,737</u>	<u>46,642,273</u>	<u>-</u>	<u>46,642,273</u>
Change in net assets from operations	(10,103,166)	(1,859,660)	(11,962,826)	(21,741,616)	4,128,268	(17,613,348)
Income tax expense (Note 6)	(7,657)	-	(7,657)	(211,809)	-	(211,809)
Equity in income of equity investments	12,570,762	-	12,570,762	1,111,319	-	1,111,319
Deconsolidation of AMC and SCM (Note 2)	8,210,204	-	8,210,204	(3,049,160)	-	(3,049,160)
Net unrealized loss on investments	(25,967,193)	-	(25,967,193)	(28,079,534)	-	(28,079,534)
Net realized gain on investments	11,103,868	-	11,103,868	54,491,074	-	54,491,074
Foreign currency translation losses, net	(202,857)	-	(202,857)	(362,658)	-	(362,658)
Other	<u>(200,595)</u>	<u>-</u>	<u>(200,595)</u>	<u>25,719</u>	<u>-</u>	<u>25,719</u>
Change in net assets	(4,596,634)	(1,859,660)	(6,456,294)	2,183,335	4,128,268	6,311,603
Net assets - beginning of year as originally reported	<u>351,452,062</u>	<u>12,330,498</u>	<u>363,782,560</u>	<u>324,693,465</u>	<u>8,202,230</u>	<u>332,895,695</u>
Adjustment to beginning net assets (Note 2)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,575,262</u>	<u>-</u>	<u>24,575,262</u>
Net assets - beginning of year as adjusted	<u>351,452,062</u>	<u>12,330,498</u>	<u>363,782,560</u>	<u>349,268,727</u>	<u>8,202,230</u>	<u>357,470,957</u>
Net assets - end of year	<u>\$ 346,855,428</u>	<u>\$ 10,470,838</u>	<u>\$ 357,326,266</u>	<u>\$ 351,452,062</u>	<u>\$ 12,330,498</u>	<u>\$ 363,782,560</u>

The accompanying notes are an integral part of these consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
Year ended December 31, 2015

	Program Services				Supporting Services		Total Expenses
	Global Programs	Global Investments	Center for Financial Inclusion	Communications	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES							
Salaries and related expenses	\$ 7,536,072	\$ 4,145,948	\$ 3,139,895	\$ 768,339	\$ 3,179,476	\$ 1,744,609	\$ 20,514,339
Professional services	1,262,425	3,107,246	2,111,557	295,487	825,764	330,934	7,933,413
Travel and conferences	1,497,903	1,037,705	1,337,235	174,834	379,822	171,539	4,599,038
Office and occupancy	987,108	439,198	480,485	184,395	646,748	323,521	3,061,455
Awards and grants	184,923	-	189,027	-	-	-	373,950
Provision for doubtful accounts	265,334	-	-	-	-	-	265,334
Taxes and penalties	59,055	2,252	-	-	7,841	-	69,148
Depreciation	79,960	55,202	58,344	15,127	115,243	39,422	363,298
Interest and fees	15,873	154,243	1,657	-	48,161	13,844	233,778
Miscellaneous	132,084	(3,615)	21,628	6,513	25,990	13,384	195,984
Total	<u>\$ 12,020,737</u>	<u>\$ 8,938,179</u>	<u>\$ 7,339,828</u>	<u>\$ 1,444,695</u>	<u>\$ 5,229,045</u>	<u>\$ 2,637,253</u>	<u>\$ 37,609,737</u>

The accompanying notes are an integral part of this consolidated financial statement.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
Year ended December 31, 2014

	Program Services					Supporting Services			Total Expenses
	Global Programs	Microlending	Global Investments	ACCION Investment Management Company	Center for Financial Inclusion	Communications	General and Administrative	Fundraising	
FUNCTIONAL EXPENSES									
Salaries and related expenses	\$ 9,907,743	\$ 2,511,398	\$ 3,706,659	\$ -	\$ 2,761,259	\$ 1,006,485	\$ 3,062,142	\$ 1,779,404	\$ 24,735,090
Professional services	1,469,665	419,319	2,542,807	5,935	2,462,635	422,358	1,318,474	296,318	8,937,511
Travel and conferences	1,891,596	169,660	934,256	-	953,061	190,128	308,652	170,091	4,617,444
Office and occupancy	1,270,206	420,260	368,290	-	449,532	246,088	971,490	331,583	4,057,449
Awards and grants	2,170,231	-	-	-	13,825	36,842	-	-	2,220,898
Provision for doubtful accounts	276,264	338,525	-	-	4,082	-	-	-	618,871
Taxes and penalties	75,254	209,535	142,734	2,242	-	-	10,305	-	440,070
Depreciation	72,700	34,134	30,877	-	42,679	16,951	72,167	30,135	299,643
Interest and fees	28,112	138,973	172,029	1,223	1,134	-	39,429	18,462	399,362
Miscellaneous	126,393	90,722	4,061	-	25,900	9,538	42,198	17,123	315,935
Total	<u>\$ 17,288,164</u>	<u>\$ 4,332,526</u>	<u>\$ 7,901,713</u>	<u>\$ 9,400</u>	<u>\$ 6,714,107</u>	<u>\$ 1,928,390</u>	<u>\$ 5,824,857</u>	<u>\$ 2,643,116</u>	<u>\$ 46,642,273</u>

The accompanying notes are an integral part of this consolidated financial statement.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (6,456,294)	\$ 6,311,603
Adjustments to reconcile change in net assets to net cash used in operating activities		
Unrealized loss on investments	25,967,193	28,079,534
Realized gain on sale of investments	(11,103,868)	(54,491,074)
Provision for doubtful accounts	265,334	618,871
Depreciation and amortization	363,298	299,643
Equity in income of investments	(12,570,762)	(1,111,319)
Investment by non-controlling interests	(159,815)	(26,590)
Foreign currency translation gains	163,241	706,098
Deconsolidation of SCM and AMC	(8,210,204)	3,049,160
Increase (decrease) in cash and cash equivalents as a result of a change in		
Prepaid expenses	213,632	(356,334)
Grants receivable	1,608,170	(3,117,123)
Contributions receivable	192,864	216,465
Deposits, advances and other receivables	67,741	89,395
Receivable from investments sold	(6,249,180)	-
Contract payments receivable	(50,129)	(2,321,949)
Cash restricted by foundation	(225)	552,496
Accounts payable and accrued liabilities	(646,222)	2,412,825
Deferred revenue	281,310	42,468
Net cash used in operating activities	<u>(16,323,916)</u>	<u>(19,045,831)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(122,043)	(2,105,594)
Sale of short-term investments	(6,189,556)	(1,372,251)
Purchase of investments	(29,793,007)	(7,892,901)
Proceeds from sale of investments	28,490,258	54,516,925
Proceeds from sale of SCM	934,700	-
Cash of deconsolidated SCM and AMC	(879,646)	(2,661,964)
Dividends received from investments in affiliates	1,817,110	1,240,126
Net loan originations and principal repayments	2,783,985	(2,818,666)
Net cash (used in) provided by investing activities	<u>(2,958,199)</u>	<u>38,905,675</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable received	182,000	3,397,653
Notes payable paid	(1,107,902)	(359,000)
Net cash (used in) provided by financing activities	<u>(925,902)</u>	<u>3,038,653</u>
Effect of exchange rate changes on cash	(232,546)	(656,530)
Increase in cash and cash equivalents	(20,440,563)	22,241,967
Cash and cash equivalents - beginning of year	42,032,062	19,790,095
Cash and cash equivalents - end of year	<u>\$ 21,591,499</u>	<u>\$ 42,032,062</u>
Supplemental disclosure:		
Noncash transactions:		
Noncash adjustments related to deconsolidation of SCM and AMC	\$ 100,262	\$ 151,524
Conversion debt to equity	\$ 700,000	\$ -
Cash paid during the period for:		
Interest	\$ 112,920	\$ 130,702
Taxes	\$ 61,958	\$ 151,007

The accompanying notes are an integral part of these consolidated financial statements.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

1. NATURE OF ORGANIZATION

ACCION International and its subsidiaries (“Accion”) is headquartered in Boston, Massachusetts with offices in Washington, D.C., Accra, Ghana and Singapore and subsidiaries as listed in Note 2. Accion is an independent, nonprofit microfinance organization dedicated to promoting economic development around the world by providing people in impoverished and developing areas the financial tools they need - small business loans, training, and related financial services - to work their way out of poverty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Accion and the following entities:

Fundación Centro Acción Microempresarial (“Centro”) - Centro is a non-profit foundation and was incorporated in Bogotá, Colombia as a Latin American operational arm of Accion. The accounts of Centro reflect total assets and liabilities of \$332,652 and \$244,646 and \$503,330 and \$2,882,503 at December 31, 2015 and 2014, respectively. Early in 2015, Centro sold its loan origination services, along with the guarantees associated with those loans. When Centro performed those services during 2014, a guarantee on the loans serviced was recorded as a liability by Centro. As of December 31, 2014 the allowance for future repurchases was reversed, resulting in a negative bad debt expense of \$882,524. As of December 31, 2015 the repurchases totaled \$269,849 in bad debt expense.

ACCION Gateway Fund, LLC (“Gateway”) - Gateway is a wholly owned subsidiary of Accion and was created as a limited liability company in Delaware to hold several investments in affiliates.

ACCION Investment Management Company, LLC (“AIMCO”) - AIMCO is a wholly owned subsidiary and was created as a limited liability company in Delaware for the purpose of providing investment management services for ACCION Investments in Microfinance, SPC (“AINV”), a separate legal entity. In 2012, AINV was sold and AIMCO was dissolved in September 2014.

ACCION Technical Advisors, India (“ATA”) - ATA is a wholly owned subsidiary of Accion. ATA is a nonprofit company according to Section 8 of the Indian Companies Act of 1956 and is the operational support arm of Accion in India. The accounts of ATA reflect total assets and liabilities of \$343,044 and \$165,250 and \$313,258 and \$192,087 at December 31, 2015 and 2014, respectively.

ACCION Beijing Consultation Services Company, Ltd (“ACC”) - ACC was created as a wholly owned subsidiary of Accion as the operational arm of Accion in China. ACC is a for-profit company operating in the People’s Republic of China. The accounts of ACC reflect total assets and liabilities of \$233,412 and \$104,378 and \$303,230 and \$113,541 at December 31, 2015 and 2014.

Chifeng City Yuanbaoshan District ACCION Micro-Credit Company, Ltd (“AMC”) - AMC was created as a wholly owned subsidiary of Accion and is a for-profit microfinance company operating in the People’s Republic of China. In April 2014, Accion exchanged its ownership in AMC with a third party for 40% ownership in Grassland, which owns 100% of AMC as well as other microfinance companies in the People’s Republic of China. Accion recorded a gain on the exchange of \$578,369 and a decrease in net assets on deconsolidation of \$3,049,160 for a net decrease in net assets of \$2,470,791.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

ACCION Africa-Asia Investment Company (“AAIC”) - AAIC is a wholly owned subsidiary of Accion. AAIC was created as a for-profit company incorporated in the Republic of Mauritius to own several investments in affiliates in Asia and Africa.

ACCIÓN Microfinanças Sociedade de Crédito ao Microempreendedor e à Empresa de Pequeno Porte, S.A. (“SCM”) - SCM was created between Accion, an international governmental organization and an individual investor. SCM is a for-profit microfinance company operating in Manaus, Amazonas, Brazil. Accion was the majority shareholder and owned 93.30% of SCM’s shares as of December 31, 2014. The non-controlling interest in SCM’s equity was \$13,042 at December 31, 2014. The accounts of SCM reflected total assets and liabilities of \$4,342,806 and \$3,508,369 at December 31, 2014. On January 15, 2015, Accion sold its entire ownership of SCM for a price of \$934,700, a loss on sale of investment of \$8,109,942, and an increase in net assets on deconsolidation of \$8,210,204 for a net decrease in net assets of \$100,262.

Accion Frontier Inclusion Fund GP, LLC (“AFIF GP”) - AFIF GP is a wholly owned subsidiary and was created in 2015 as a limited liability company in Delaware for the purpose of providing general partner services to AFIF, a separate legal entity and equity method investment holding of Accion.

Accion Frontier Inclusion Fund LP, LLC (“AFIF LP”) - AFIF LP is a wholly owned subsidiary of Accion and was created in 2015 as a limited liability company in Delaware for the purpose of owning the investment in AFIF.

Accion Investments in Microfinance Nigeria (“AINV Nigeria”) - AINV Nigeria is a 51% owned subsidiary of Accion. AINV Nigeria was created as a for-profit company incorporated in the Cayman Islands to own an investment in Nigeria in partnership with one minority shareholder.

Accion Investments in Microfinance Cameroon (“AINV Cameroon”) - AINV Cameroon is a 51% owned subsidiary of Accion. AINV Cameroon was created as a for-profit company incorporated in the Cayman Islands to own an investment in Cameroon in partnership with one minority shareholder.

Accion Investments in Microfinance Ghana (“AINV Ghana”) - AINV Ghana is a 51% owned subsidiary of Accion. AINV Ghana was created as a for-profit company incorporated in the Cayman Islands to own an investment in Ghana in partnership with one minority shareholder.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The following table provides details of the changes in total unrestricted net assets attributable to the non-controlling interests, as well as total unrestricted net assets under Accion's control:

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
Balance at December 31, 2013	\$ 320,419,592	\$ 4,273,873	\$ 324,693,465
Adjustment to beginning net assets	24,575,262	-	24,575,262
Purchase of interest in SCM by outside party	-	(42,925)	(42,925)
Purchase of interest in AINV Nigeria by outside party	-	14,700	14,700
Change in net assets	<u>2,568,771</u>	<u>(357,211)</u>	<u>2,211,560</u>
Balance at December 31, 2014	347,563,625	3,888,437	351,452,062
Purchase of interest in AINV Nigeria, AINV Cameroon, AINV Ghana by outside party	-	(19,600)	(19,600)
Change in net assets	<u>(11,950,307)</u>	<u>(67,380)</u>	<u>(12,017,687)</u>
Balance at December 31, 2015	<u>\$ 335,613,318</u>	<u>\$ 3,801,457</u>	<u>\$ 339,414,775</u>

All intercompany balances and transactions involving the subsidiaries above have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") using the Not-for-Profit Organizations Audit Guide issued by the American Institute of Certified Public Accountants. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Accion and the changes thereof are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions.

Board designated Net Assets - Unrestricted net assets that are subject to board imposed restrictions.

Temporarily Restricted Net Assets - Contributions, grants, and income whose use by Accion has been limited by donors or grantors to a specific time period or purpose.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that are maintained permanently by Accion. Accion had no permanently restricted net assets at December 31, 2015 and 2014.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased, excluding amounts restricted by donors for long-term purposes. At times, the cash balances maintained at a single institution may exceed federally insured limits, insured by the Federal Deposit Insurance Corporation. Accion has not experienced any losses in these accounts.

Accion holds \$150,352 and \$150,127 in cash restricted by a foundation for long term purposes as of December 31, 2015 and 2014, respectively.

Total cash held in foreign accounts was \$1,153,423 and \$1,481,205 at December 31, 2015 and 2014, respectively.

Short-term Investments

Short-term investments consist of investments in certificates of deposit, commercial paper, corporate bonds, government reserves funds, mutual funds and U.S. treasury bonds, which invest primarily in securities rated BBB or better, as determined by Standard & Poor's Corporation. These investments are carried at fair value, determined as the price that would be received to sell the asset. The changes in fair value are reflected in the consolidated statement of activities.

Global Bridge Guarantee Program Investments

Investments in marketable equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value, determined as the price that would be received to sell the asset, with gains and losses included in the consolidated statement of activities.

Investments in Affiliates

With the exception of Accion's investment in Gentera, formerly known as Compartamos, whose stock trades on the Mexican Stock exchange and therefore is valued based on the price in that active market, investments in affiliates do not have a readily determinable fair value and, as such, are recorded at cost or under the fair market value or the equity method of accounting whenever Accion can exercise significant influence, which is generally indicated when its equity position in the affiliate equals or exceeds 20% and does not exceed 50%. Under the fair value method, Accion utilizes multiple valuation techniques resulting in a range of acceptable valuations; under the equity method, Accion records its proportional share of the net income in the investment at each measurement date, and records dividends as decreases in the investments. Investments in affiliates carried at cost are reviewed periodically to determine whether the underlying value of the affiliate has been impaired. If impairment has been identified and such impairment is deemed to be other than temporary, the carrying value of the investment is written down to the impaired value. Accion identified three investments requiring an impairment adjustment in 2015 totaling \$4,289,760 which is reported in the net unrealized loss on investments in the statement of activities.

Contract Revenue and Training Fees

Contract revenue and training fees consist of mission-related consulting agreements with microfinance institutions. Revenue is recognized based on the proportional performance method.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Contributions and Grants

Contributions and grants are received from individuals, private industry, foundations, and government agencies. Contributions and grants may be designated by the donor for a specific purpose or given on an unrestricted basis. All contributions and grants are considered to be available for general use unless specifically restricted by the donor. Contributions and grants, including unconditional promises to give, are recorded at fair value when received. Fair value is determined as the amount to be received less the net present value, using a risk adjusted interest rate. Contributions and grants restricted for purposes which have not been fulfilled at the measurement date are accounted for as temporarily restricted revenue. Amounts received which are required by the donor to be passed on to other organizations are recorded as a liability and reflected in accounts payable and accrued liabilities in the consolidated statements of financial position until the transfer is made.

Conditional promises to give are not recorded as revenues until the conditions are substantially met. Any assets contributed before the conditions are substantially met would be accounted for as a refundable advance and reflected in accounts payable and accrued liabilities in the consolidated statements of financial position. As of December 31, 2015 and 2014, Accion had been notified of \$555,785 and \$160,000, respectively in conditional promises to give. They will be recorded when conditions have been met.

Grants and contributions receivable at December 31 include amounts due in future years. Grants and contributions receivable are expected to be collected during the following periods:

	<u>2015</u>	<u>2014</u>
Due in one year or less	\$ 2,656,449	\$ 3,283,444
Due in one to five years	<u>2,937,759</u>	<u>4,284,570</u>
	5,594,208	7,568,014
Present value discount (5%)	<u>(221,000)</u>	<u>(393,569)</u>
Net contributions receivable	<u>\$ 5,373,208</u>	<u>\$ 7,174,445</u>

Microloans Receivable

Loans are stated at their principal balance, net of the allowance for loan losses. Interest on loans is included in interest and dividend income from program investments as earned based upon interest rates applied to unpaid principal. Accrual of interest on loans is discontinued when, in the judgment of management, the collectability of principal or interest becomes doubtful. Past due status is based on the contractual terms of the loan. Interest subsequently received on nonaccrual loans is either applied against principal or recorded as income based on management's judgment as to the collectability of principal. Interest accruals are resumed on such loans only when they are brought fully current as to principal and interest and when, in the judgment of management, the loans are estimated to be fully collectible.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for doubtful accounts charged to functional expenses. Loan losses are charged against the allowance when management believes the un-collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The adequacy of the allowance for loan losses is evaluated on a periodic

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

basis by management. Factors considered in evaluating the adequacy of the allowance include current economic conditions and their effect on borrowers, the composition and size of the loan portfolio, and experience with other microlending entities. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

As noted in Note 2, Accion sold its entire ownership in SCM on January 15, 2015. Consequently, Accion no longer holds Microloans receivable as of December 31, 2015.

Microloans receivable consisted of the following at December 31, 2014:

	<u>2014</u>
Microloans receivable	\$ 3,275,632
Allowance for doubtful accounts	<u>(141,058)</u>
Microloans receivable, net	<u>\$ 3,134,574</u>

Changes in the allowance for loan losses were as follows for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance at beginning of year	\$ 141,058	\$ 139,694
Deconsolidation of SCM	(141,058)	-
Write-offs and exchange rate fluctuation	-	(154,870)
Provision for loan losses	<u>-</u>	<u>156,234</u>
Balance at end of year	<u>\$ -</u>	<u>\$ 141,058</u>

Property and Equipment

Furniture, fixtures, and equipment are recorded at cost and depreciated on a straight-line basis over their useful lives, which range from 3 to 10 years. Leasehold improvements are recorded at cost and amortized on a straight-line basis over the shorter of the life of the lease or estimated useful life of the improvement. Donated equipment is recorded at the fair market value as of the date the gift is made and amortized over its useful life.

Donated Services

Donated services which are specialized and which would otherwise need to be purchased are reflected as contribution revenue and expensed or capitalized, as appropriate, at their fair market values at the date of receipt. Fair market value is determined as the price at which services would have been purchased. Included in contributions and grant revenue, global programs, global investments, and general administrative expenses are donated services, computer equipment, and legal services having an aggregate value of \$1,144,858 and \$3,264,169 in fiscal 2015 and 2014, respectively.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Foreign Currency Translation

The functional currency of Centro is the local currency, which is the Colombian peso. The functional currency of ATA is the local currency, which is the Indian rupee. The functional currency of ACC and AMC is the Chinese yuan renminbi. The functional currency of SCM is the Brazilian real. The functional currency of Accion's branch in Ghana is the cedi, and the functional currency of Accion's branch in Brazil is the Brazilian real. Assets and liabilities of these subsidiaries are translated into U.S. dollars using the current exchange rates at the date of the statement of financial position. Changes in net assets are translated using the average rate for the fiscal year.

Foreign currency exchange transaction gains and losses are recorded in the statements of activities.

Income Tax

Accion is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a). Centro and ATA are registered charitable organizations in Colombia and India, respectively. Gateway, AFIF GP and AFIF LP, single member limited liability companies, are fully consolidated on the federal form 990 of their single member, Accion. ACC, AAIC, AINV in Nigeria, AINV Cameroon, AINV Ghana, AMC (see Note 2) and SCM are taxable subsidiaries of Accion, filing their own tax returns. The income tax consequences, if any, are reflected in the financial statements, and do not have a material effect, individually or in the aggregate, upon Accion's financial statements. Accion believes it has taken no uncertain tax positions.

Risks and Uncertainties

Accion facilitates access to letters of credit for affiliates outside the United States, which may involve significant risks not present in domestic transactions. For example, foreign companies usually are not bound by uniform accounting, auditing, and financial reporting requirements and standards of practice comparable to those applicable to domestic companies. Other risks include political or financial instability or diplomatic and other developments which could affect foreign operations and investments in foreign-based entities.

Noncontrolling Interest

A noncontrolling interest is defined as the portion of the net assets in a subsidiary not attributable, directly or indirectly, to a parent. Revenues, expenses, gains, losses and change in net assets are reported in the consolidated financial statements at the consolidated amounts, which include the amounts attributable to the non-controlling interest. The consolidated statement of activities separately presents Accion, as well as the change in net assets attributable to Accion and the non-controlling interest.

Adjustment to Beginning Net Assets

During fiscal year 2014, management identified certain differences between US GAAP and local GAAP reporting for certain reserves reported by BancoSol, an equity method investment. The result of those adjustments to reflect US GAAP was to increase beginning net assets by \$24,575,262, which is presented on the statement of activities as an adjustment to beginning net assets.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

As required by existing guidance, Accion reports certain assets at fair value. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;
- Level 2 - Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting Accion's own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets recorded at fair value:

Contributions and Grants Receivable

Contributions and grants receivable are reported based on non-recurring fair value measurements. Multi-year pledges are recorded at the present value of future cash flows using a discount rate, adjusted for market conditions, to estimate fair value.

Investments

Investments whose values are based on quoted market prices in active markets are classified as Level 1 assets. These investments primarily include money market funds, U.S. Treasury, and equity securities. Investments, whose values are based on quoted prices in markets that are not active, inputs that are not observable, and for prices obtained from comparable securities of issuers with similar credit ratings, are classified as Level 2 assets. These investments include certificate of deposits and corporate bonds.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

The following tables set forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of December 31, 2015 and 2014:

	2015			Total
	Level 1	Level 2	Level 3	
Short-term investments				
U.S. Treasury	\$ 31,697,579	\$ -	\$ -	\$ 31,697,579
Certificate of deposits	-	1,000,000	-	1,000,000
Corporate bonds	-	58,759,820	-	58,759,820
Investment in affiliates at fair value	67,959,207	-	33,899,643	101,858,850
Global Bridge Guarantee Program investments				
Cash and cash equivalents	1,706,102	-	-	1,706,102
Certificate of deposits	-	252,215	-	252,215
Corporate bonds	-	4,813,550	-	4,813,550
	<u>\$ 101,362,888</u>	<u>\$ 64,825,585</u>	<u>\$ 33,899,643</u>	<u>\$ 200,088,116</u>
	2014			Total
	Level 1	Level 2	Level 3	
Short-term investments				
U.S. Treasury	\$ 27,579,529	\$ -	\$ -	\$ 27,579,529
Certificate of deposits	-	2,250,000	-	2,250,000
Corporate bonds	-	58,385,749	-	58,385,749
Investment in affiliates at fair value	90,999,684	-	20,660,910	111,660,594
Global Bridge Guarantee Program investments				
Cash and cash equivalents	337,771	-	-	337,771
Certificate of deposits	-	252,214	-	252,214
Corporate bonds	-	6,957,499	-	6,957,499
	<u>\$ 118,916,984</u>	<u>\$ 67,845,462</u>	<u>\$ 20,660,910</u>	<u>\$ 207,423,356</u>

Accion recognizes transfers between fair value hierarchy levels at the approximate date or change in circumstances that cause the transfer. There were no transfers between fair value hierarchy Level 3 during the years ended December 31, 2015 and 2014.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Contribution and grant receivable, totaling \$5,373,208 and \$7,174,445 as of December 31, 2015 and 2014 are accounted for at fair value on a non-recurring basis as level 3 assets.

4. PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

	<u>2015</u>	<u>2014</u>
Furniture, fixtures, equipment and software	\$ 1,425,713	\$ 2,801,647
Leasehold improvements	<u>2,195,883</u>	<u>2,345,865</u>
Subtotal	3,621,596	5,147,512
Less accumulated depreciation	<u>(1,276,091)</u>	<u>(2,261,766)</u>
Property and equipment - net	<u>\$ 2,345,505</u>	<u>\$ 2,885,746</u>

Depreciation expense as of December 31, 2015 and 2014 was \$363,298 and \$299,643, respectively, as reported on the consolidated statement of functional expenses.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

5. INVESTMENTS IN AFFILIATES

Investments in affiliates at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Investments in microfinance institutions with greater than 20% participation		
Akiba Commercial Bank (Tanzania) (Equity Method)	\$ 2,386,305	\$ 2,526,781
Banco Solidario S.A (Bolivia) (Equity Method)	70,045,426	57,499,200
Swadhaar Finserve (India) (Equity Method)	2,731,767	2,810,283
Saija (India) (Equity Method)	1,907,495	1,992,027
Grassland Finance Limited (Hong Kong) (Fair Value)	23,091,597	16,852,217
Teak Tree Investments Pte. Ltd. (Cayman Islands) (Fair Value)	5,550,000	3,728,693
Dawn Myanmar Microfinance Pte. Ltd. (Singapore) (Fair Value)	3,878,816	80,000
UGAFODE Microfinance Limited (Uganda) (Fair Value)	1,379,230	-
	<u>110,970,636</u>	<u>85,489,201</u>
Investments in mission-related non microfinance institutions with greater than 20% participation		
Accion Frontier Inclusion Fund, L.P. (Equity Method)	1,119,746	-
	<u>1,119,746</u>	<u>-</u>
Investments in microfinance institutions with less than 20% participation		
Genera SAB de C.V. (formerly Compartamos) (Mexico) (Fair Value)	67,959,207	90,999,684
Finamérica Compania de Financiamiento Comercial (Colombia) (Cost)	1,568,165	1,578,673
Grupo BanDelta Holding Corp., Inc. (Panama) (Cost)	-	2,542,500
Microfinance Growth Fund, LLC (USA) (Cost)	1,000,000	1,000,000
ACCION Investments in Microfinance, Sub-Sahara Africa Segregated Portfolio (Africa) (Cost)	637,810	1,821,909
ACCION Investment in Microfinance Nigeria (Cost)	7,819,882	7,819,882
Desarrolladora e Impulsora de Negocios (CrediConfia) (Mexico) (Cost)	2,037,081	3,923,756
Credinka (Peru) (Cost)	4,979,176	4,979,176
IFMR Holdings Private Limited (India) (Cost)	12,537,193	-
Other (Various) (Cost)	107,500	154,152
	<u>98,646,014</u>	<u>114,819,732</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Investments in mission-related non microfinance institutions with less than 20% participation (Cost Method)		
GloboKas Peru SAC (Peru)	\$ 1,959,043	\$ 1,959,043
Leapfrog Financial Inclusion Fund (USA)	1,606,955	1,367,381
Lok Capital LLC (Mauritius)	664,406	1,025,106
MFX Solutions (USA)	1,250,000	1,250,000
Zoona Transactions International (Zambia)	2,421,514	1,626,929
Shubham Housing Development Finance Company (India)	3,356,109	3,356,109
ZonaMovil, Inc (Tiaxa) (USA)	3,500,014	3,500,014
Azimo (UK)	3,648,307	2,449,808
Eseye (UK)	-	2,500,000
Other (Various)	<u>820,755</u>	<u>421,500</u>
	<u>19,227,103</u>	<u>19,455,890</u>
Total investments in affiliates	<u>\$ 229,963,499</u>	<u>\$ 219,764,823</u>

AKIBA Commercial Bank Ltd. (ACB)

ACB is a private commercial bank focused on serving micro, small and medium enterprises and low income households in Tanzania. Accion's investment in ACB as of December 31, 2015 and 2014 represented 20% of ACB's total common shares. For the years ended December 31, 2015 and 2014, Accion received a dividend of \$21,642 and \$0, and reported its share of ACB's equity with a decrease of \$140,476 and an increase of \$319,783, respectively. The accounts of ACB reflect total assets and total liabilities of \$77.3 and \$65.4 and \$79.5 and \$66.8 million at December 31, 2015 and 2014, respectively.

Banco Solidario S.A. (BancoSol)

BancoSol is a private commercial bank focused on microenterprises in Bolivia. Accion's investment in BancoSol as of December 31, 2015 and 2014 represented 39.98% and 38.98% of BancoSol's total common shares. In 2014, Accion purchased 370 and sold 355,731 shares of BancoSol. For the year ended December 31, 2015 and 2014, Accion received a dividend of \$1,817,110 and \$1,240,127, and reported its share of BancoSol's equity with an increase of \$13,224,106 and \$612,566, respectively. The accounts of BancoSol reflect total assets and total liabilities of \$1.4 and \$1.3 and \$1.3 and \$1.2 billion at December 31, 2015 and 2014.

Swadhaar FinServe (Swadhaar)

Swadhaar is a nonbank microfinance institution operating in Mumbai, India. Accion's investment in Swadhaar as of December 31, 2015 and 2014 represented 35.94% of Swadhaar's total common shares. For the years ended December 31, 2015 and 2014, Accion reported its share of Swadhaar's equity with a decrease of \$78,516 and an increase of \$54,608, respectively. The accounts of Swadhaar reflect total assets and total liabilities of \$8.5 and \$.9 and \$10.2 and \$2.4 million at December 31, 2015 and 2014, respectively.

Saija Finance (Saija)

Saija is a nonbank microfinance institution operating in Bihar, India. Accion's investment in Saija as of December 31, 2015 and 2014 represented 40.6% of Saija's total common shares. For the years ended December 31, 2015 and 2014, Accion reported its share of Saija's equity with a decrease of \$84,533 and an

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

increase of \$124,361, respectively. The accounts of Saija reflect total assets and total liabilities of \$33.6 and \$28.9 and \$12.3 and \$9.7 million at December 31, 2015 and 2014, respectively.

Grassland Finance Limited (Hong Kong)

Grassland is a holding company owning two nonbank microfinance institutions in China, including AMC (see Note 2). In April 2014, Accion exchanged its 100% direct ownership in AMC to a third party for 16,167,229 shares of Grassland. Accion's investment in Grassland as of December 31 2015 and 2014 represented 27.24% and 40% of Grassland's total common shares. For the year ended December 31, 2015 Accion reported an increase in fair market value of \$6,239,379. The accounts of Grassland reflect total assets and total liabilities of \$68.2 and \$6.4 and \$83.1 and \$22.3 million at December 31, 2015 and 2014, respectively.

Teak Tree Investments Pte. Ltd. (Cayman Islands)

Teak Tree is a holding company owning 100% of Bridge, a nonbank microfinance institution in the Philippines. In March 2014, Accion purchased 3,548,550 shares of Teak Tree. Accion's investment in Teak Tree as of December 31, 2015 and 2014 represented 28.80% of Teak Tree's total common shares. For the year ended December 31, 2015, Accion reported an increase in fair market value of \$1,606,457. The accounts of Teak Tree reflect total assets and total liabilities of \$23.7 and \$23.5 and \$23.7 and \$0.2 million at December 31, 2015 and 2014, respectively.

Dawn Myannar Microfinance Pte. Ltd. (Singapore)

Dawn Myanmar is a holding company owning 100% of Early Dawn Micro-Finance Ltd., a nonbank microfinance institution in Myanmar. In October 2014, Accion purchased 2,860,000 shares of Dawn Myanmar and an additional 1,120,000 shares in 2015. Accion's investment in Dawn Myanmar as of December 31, 2015 and 2014 represented 40% of Dawn Myanmar's total common shares. For the year ended December 31, 2015, Accion reported a decrease in fair market value of \$101,184. The accounts of Dawn Myanmar reflect total assets and total liabilities of \$10.3 and \$1.3 and \$0.2 and \$0 million at December 31, 2015 and 2014, respectively.

UGAFODE Microfinance Limited (UGAFODE)

UGAFODE is a regulated microfinance institution licensed by the Central Bank of Uganda to provide focused quality financial services and a wide array of quality financial products in Uganda. In November 2015, Accion purchased 399,380 shares of UGAFODE. Accion's investment in UGAFODE as of December 31, 2015 represented 28.07% of UGAFODE's total common shares. For the year ended December 31, 2015, Accion did not report any change in fair market value.

Accion Frontier Inclusion Fund, L.P. (AFIF)

AFIF was launched in November 2015 and is the first dedicated financial technology funds for the underbanked in emerging markets. Accion's investment in AFIF as of December 31, 2015 represented 25% ownership. For the year ended December 31, 2015, Accion reported its share of AFIF's equity with a decrease of \$349,819. The accounts of AFIF reflect total assets and total liabilities of \$10,512,237 and \$6,670,424 at December 31, 2015. AFIF reimbursed \$808,341 of legal expenses incurred to create the fund which were initially paid by Accion.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Genera SAB de C.V (Genera)

Genera, formerly known as Banco Compartamos Institución de Banca Múltiple (Compartamos), is the largest microfinance institution operating in Mexico. Accion accounts for its investment in Genera at fair market value based on quoted market prices on the Mexican exchange. As of December 31, 2015 and 2014, Accion's investment in Genera represented 2.63% and 2.75% of Genera's common shares. In 2014, Accion sold 17 million shares, equal to 28% of its holdings and realized a gain of approximately \$34 million. In 2015, Accion sold 10 million shares, equal to 22.31% of its holdings and realized a gain of approximately \$17.2 million. For the years ended December 31, 2015 and 2014, Accion reported an unrealized loss of \$22 million and \$25 million, respectively. For the year ended December 31, 2015, Accion received a dividend of \$2,095,453.

Finamérica Compañía de Financiamiento Comercial (Finamérica)

Finamérica is a nonbank microfinance institution operating in Colombia. Accion's investment in Finamérica as of December 31, 2015 and 2014 represented 6.45% and 5.48% of Finamérica's total common shares. In 2014, Accion purchased 291,912 shares of Finamérica.

Grupo BanDelta Holding Corp., Inc. (BanDelta)

BanDelta is the holding company of Banco Delta S.A., a microfinance-specialized bank in Panama. Accion's investment in BanDelta as of December 31, 2015 and 2014 represented 0% and 11.33% of BanDelta's total common shares. For the years ended December 31, 2015 and 2014, Accion received a dividend of \$109,037 and \$75,068, respectively. Accion sold its entire holding of BanDelta in December 2015.

Microfinance Growth Fund, LLC (MIGROF)

MIGROF, a Delaware company, provides loans to microfinance institutions which facilitate funding to small and micro enterprises in Latin America and the Caribbean. Accion's investment in MIGROF as of December 31, 2015 and 2014 represented 3.60% ownership. For the years ended December 31, 2015 and 2014, Accion received a dividend of \$89,982 and \$163,498.

ACCION Investments in Microfinance Sub-Sahara Africa Segregated Portfolio (AINV Africa)

AINV Africa, a segregated portfolio of a Cayman Islands holding company, owns investments in African microfinance institutions. As of December 31, 2015 and 2014, Accion owned 51% of the total portfolio and indirectly 15.30% of EB-Accion Savings & Loans in Ghana ("EASL") and 16.62% of EB-Accion Microfinance in Cameroon ("EAMF"). For the year ended December 31, 2015 Accion received a dividend of \$1,667. For the year ended December 31, 2015, Accion estimated fair market value below cost and recorded an unrealized loss of \$1,185,054.

Accion Investment in Microfinance Nigeria (AINV Nigeria)

AINV Nigeria, a Cayman Islands holding company, owns ACCION Microfinance Bank Ltd. ("AMfB"), a Nigeria microfinance institution. As of December 31, 2014, Accion owned 51% of AINV Nigeria and indirectly 18.24% of AMfB. For the year ended December 31, 2014, AINV received a dividend of \$158,570 from AMfB.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Desarrolladora e Impulsora de Negocios, S.A.P.I. de C.V., SOFOM., E.N.R (CrediConfia)

CrediConfia is a Mexican microfinance institution. In May 2012, Accion agreed to provide technical assistance over three years in exchange for common shares. Through this agreement Accion acquired a total of 292,604 shares including 114,451 and 48,802 shares acquired in 2015 and 2014, respectively. Accion's investment in Crediconfia as of December 31, 2015 and 2014 represented 14.27% and 5.90% of Crediconfia's total common shares. Accion purchased 861,951 additional shares in 2015. In 2015, Accion estimated fair market value below cost and recorded an unrealized loss of \$3,105,661.

Credinka S.A. (Credinka)

Credinka is a Peruvian microfinance institution. In September 2014, Accion purchased 5,921,963 shares. Accion's investment in Credinka as of December 31, 2015 and 2014 represented 7.06% and 10% of Credinka's total common shares.

IFMR Holdings Private Limited (IFMR)

IFMR, an Indian holding company, owns IFMR capital, IFMR rural finance, IFMR rural channels and IFMR investments. The IFMR group's mission is to ensure that every individual and every enterprise in India has complete access to financial services: In August 2015, Accion acquired 453,427 shares. As of December 2015, Accion's investment in IFMR represented 19.37% of IFMR's total shares.

GloboKas Peru SAC (GKN)

GKN, the Peruvian subsidiary of GTV GlobokasNet LLC, is a provider of business and financial transaction data transmission services, including processing and settlement services to banks, microfinance institutions, NGOs and corporations seeking cashless payment solutions. As of December 31, 2015 and 2014, Accion's investment in GKN represented 16.17% and 17.77% of GKN's total shares. In 2014, Accion converted \$300,000 in warrants into 375,000 equity shares.

Leapfrog Financial Inclusion Fund (Leapfrog)

Leapfrog, incorporated in Mauritius, is a global investment fund focused exclusively on micro-insurance and other financial products to meet the financial needs beyond working-capital credit of low-income people in developing countries. As of December 31, 2015 and 2014, Accion's total investment in Leapfrog represented 2.20% of Leapfrog's total shares. For the year ended December 31, 2015, Accion received a dividend of \$17,331. In 2015, Accion purchased 239,574 shares of Leapfrog and in 2014, Accion purchased 330,759 and sold 958,296 shares of Leapfrog.

Lok Capital LLC (Lok)

Lok is a Mauritius-based venture fund dedicated to providing equity investments to microfinance institutions in India. In 2015 and 2014, Accion redeemed 3,607 and 4,456 shares, respectively. Accion's investment in Lok as of December 31, 2015 and 2014 represented 11.36% of Lok's total common shares. For the year ended December 31, 2015, Accion received a dividend of \$404,801.

MFX Solutions (MFX)

MFX is a US-based for-profit enterprise providing microfinance lenders with the expertise to quantify currency risk along with affordable and accessible hedging instruments to mitigate currency risk. Accion's investment in MFX as of December 31, 2015 and 2014 represented 10.32% of MFX's total common shares.

ACCION INTERNATIONAL AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2015 and 2014

Zoona Transactions International (Zoona)

Formerly known as Mobile Transactions International, Zoona is a third-party provider of an array of mobile payment solutions in Zambia. The bulk of Zoona's revenue is earned through its core product offerings of money transfers, ordering & supplier payments, and agent payments. Accion's investment in Zoona as of December 31, 2015 and 2014 represented 18.16% of Zoona's total common shares. In 2015, Accion contributed \$794,371 in interim equity convertible into future shares.

Shubham Housing Development Finance Company (Shubham)

Shubham focuses on mortgage lending for quality affordable urban and semi-urban housing in India. Shubham targets informal sector workers (vegetable vendors, rickshaw pullers, etc), slum rehabilitation program customers, and anyone who does not have access to regular home loans (under/un-banked). Accion purchased 103,305 additional shares in 2014. Accion's investment in Shubham as of December 31, 2015 and 2014 represented 8.62% and 8.79% of Shubham's total common shares.

Zonamovil, Inc (Tiaxa)

Tiaxa is a business solutions provider for Mobile Network Operators ("MNOs"). Tiaxa is currently focused on Latin America and South East Asia. Tiaxa offers turnkey solutions for real-time pricing and billing of pre-paid mobile phone transactions, as well as value added and business intelligence services to help MNOs and corporations market more effectively to their customers. As of December 31, 2015 and 2014, Accion's investment in Tiaxa represented 4.22% of Tiaxa's total shares.

Azimo Limited (Azimo)

Azimo, based in the UK, provides online lower cost overseas money transfer services to various locations including bank accounts, home delivery, mobile wallets or cash collection locations. In 2015 and 2014, Accion purchased 1,253,783 and 4,202,000 shares of Azimo. As of December 31, 2015 and 2014, Accion's investment in Azimo represented 9.18% and 9.83% of Azimo's total shares.

Eseye Limited (Eseye)

Eseye, based in the UK, provides global connectivity devices and services for the Internet of Things (IoT). In 2015 and 2014, Accion purchased 35,088 and 62,318 shares of Eseye. As of December 31, 2015 and 2014, Accion's investment in Eseye represented 6.60% of Eseye's total shares.

Other

Accion invests in several other microfinance institutions or other organizations providing products and technologies to support and complement the development of microfinance. The investments are individually under \$1 million and are recorded at cost net of any temporary impairment. For the years ended December 31, 2015 and 2014, Accion did not receive dividends from these investments.

6. RELATED PARTY TRANSACTIONS

ACCION, the US Network (the "US Network") is a network of microfinance institutions in the U.S. related to Accion through a brand licensing agreement. Accion provides accounting and information technology support to the US Network through a shared services agreement and through Accion's membership in the US Network. Under the agreement, certain salaries incurred by Accion are charged to the US Network.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Such amounts aggregated \$41,548 and \$47,967 in 2015 and 2014, respectively, and are reflected as contract revenue in the accompanying consolidated statements of activities.

ACCION East, formerly known as ACCION USA and a member of the US Network, shares office space with Accion in Boston, Massachusetts. The use and cost allocation of this shared office space as well as administrative support is administered through a shared services agreement. Under the agreement, certain salaries and occupancy expenses incurred by Accion are charged to ACCION East. Such amounts aggregated to \$103,241 and \$172,887 in 2015 and 2014, respectively, and are reflected as contract revenue in the accompanying consolidated statements of activities.

On December 5, 2013, Accion provided a secured loan to ACCION Texas, a member of the US Network. The outstanding principal amount of \$1,000,000 is maturing on March 5, 2015 at a fixed rate of 3% and is reported as note receivable from affiliates in the statement of financial position. The loan was repaid in full in 2015.

AIMCO was created for the purpose of providing investment services for AINV, an equity method investment holding of Accion which closed its fund in 2012. AIMCO was dissolved in September 2014.

Quona Capital Management, LTD (“Quona”) was created in partnership with Accion for the purpose of providing investment services for AFIF, an equity method investment holding of Accion. On December 30, 2014, Accion provided a \$250,000 secured loan to Quona. The outstanding principal amount of \$242,243 is maturing on December 31, 2016 at a fixed rate of 5.19% and is reported as note receivable from affiliates in the statement of financial position. Accion also provides information technology support to Quona through a shared service agreement. Under the agreement, certain salaries and technology costs incurred by Accion are charged to Quona. Such amount aggregated \$38,166 in 2015. Quona also provides portfolio management services to Accion through a management fee agreement. Under such agreement, Accion recorded management fees and related expenses of \$88,823 for the year ended December 31, 2015.

Related party transactions with AFIF are disclosed in Note 5.

7. GLOBAL BRIDGE GUARANTEE PROGRAM INVESTMENTS

Global Bridge Guarantee Program investments (at fair value) at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Global Bridge Guarantee Program investments		
Cash and cash equivalents	\$ 1,706,102	\$ 337,770
Certificate of deposits	252,215	252,214
Corporate bonds	<u>4,813,551</u>	<u>6,957,500</u>
	<u>\$ 6,771,868</u>	<u>\$ 7,547,484</u>

The Global Bridge Guarantee Program borrows funds by issuing notes payable and utilizing the proceeds to purchase investments rated BBB or better. These investments serve as collateral for letters of credit issued in favor of banks which lend funds to independent microfinance institutions in their counties. The

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

microfinance institutions then lend those funds to self-employed, low-income individuals who would not otherwise have access to bank loans.

There are cash or cash equivalents and corporate bonds held within Global Bridge Guarantee Program investments to reserve against potential loan losses totaling \$1,289,622 and \$1,273,894 at December 31, 2015 and 2014, respectively.

8. NOTES PAYABLE

Notes payable as of December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Global Bridge Guarantee Program - unsecured notes payable to foundations, institutions, and religious organizations; various interest rates from 0% to 5% per annum; due in through 2023	\$ 5,418,270	\$ 6,344,171
Notes payable of SCM - unsecured notes payables to foreign financial institutions; various interest rates around 5% per annum; due in varying amounts through 2019	<u>-</u>	<u>2,405,101</u>
Total notes payable	<u>\$ 5,418,270</u>	<u>\$ 8,749,272</u>

As noted in Note 2, Accion sold its entire ownership in SCM on January 15, 2015. Consequently, Accion no longer holds the SCM Notes payable as of December 31, 2015.

The scheduled principal repayments under these notes as of December 31, 2015 are as follows:

2016	\$ 1,644,976
2017	935,688
2018	1,237,626
2019	724,000
2020	425,980
Thereafter	<u>450,000</u>
	<u>\$ 5,418,270</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

9. INCOME TAXES

The provision for income taxes for the years ended December 31 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Current provision		
Foreign	\$ 7,657	\$ 211,809
	7,657	211,809
Deferred provision (benefit)	<u>-</u>	<u>-</u>
Provision (benefit) for income taxes	<u>\$ 7,657</u>	<u>\$ 211,809</u>

Deferred income tax assets at December 31 consist of the following:

	<u>2015</u>	<u>2014</u>
Net operating loss carryforwards	\$ -	\$ 1,291,000
Less: valuation allowance	<u>-</u>	<u>(1,291,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

The available net operating loss carryforwards at December 31, 2015 and 2014 are \$0 and \$8,604,000, respectively. Deferred income tax assets and liabilities are attributed to temporary differences between financial and taxable reports applying a blended income tax rate of 15%. Management has concluded that it is more likely than not that its deferred tax asset as of December 31, 2015 and 2014 will not be realized and as such a valuation allowance has been recorded.

10. COMMITMENTS AND CONTINGENCIES

Letters of Credit

In order to obtain letters of credit used as collateral on bank loans made to affiliates globally, Accion has placed investments in certain accounts as a guarantee. These accounts are included in bridge fund and loan fund investments in the consolidated statements of financial position (see Note 7).

At December 31, 2015 and 2014, the Global Bridge Guarantee Program was contingently liable for letters of credit in the amount of \$3,480,000 and \$2,603,000, respectively.

Bank Line of Credit

At December 31, 2015 and 2014, Accion had a \$35,000,000 line of credit with JPMorgan Chase Bank, N.A. (“JPMC”). The line of credit includes short term advances made at JPMC’s discretion, on mutually agreed terms determined from time to time. There was no outstanding balance under the line of credit as of December 31, 2015 and 2014.

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

Capital Calls

For the years ended December 31, 2015 and 2014, Accion had approximately \$21.5 and \$3.4 million in capital call commitments with investment affiliates. The balance will be disbursed on an as-needed basis.

Operating Leases

Accion leases office space in various countries in which they operate. These leases expire over periods ranging from February 2016 through May 2025. The remaining net minimum payment obligation under these leases is as follows:

2016	\$ 1,279,533
2017	1,212,916
2018	1,238,215
2019	1,277,458
2020	1,312,350
Thereafter	<u>5,504,368</u>
Total	<u>\$ 11,824,840</u>

Rent expense was \$1,351,808 and \$1,898,000 for the years ended December 31, 2015 and 2014, respectively.

11. EMPLOYEE BENEFIT PLAN

Accion has established a defined contribution retirement plan which is available to substantially all salaried employees. Accion's contribution to this plan is based on a percentage of participant salaries and totaled \$637,575 and \$625,237 in 2015 and 2014, respectively.

12. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets have been restricted by donors to be used in a specific time period, for a specific location, or scope of work. Temporarily restricted net assets are available as of December 31 for the following purposes:

	<u>2015</u>	<u>2014</u>
Global programs	\$ 1,952,688	\$ 1,519,891
Global investments	997,671	705,940
Fundraising	689,555	702,020
Center for financial inclusion	<u>6,830,924</u>	<u>9,402,647</u>
Total	<u>\$ 10,470,838</u>	<u>\$ 12,330,498</u>

ACCION INTERNATIONAL AND SUBSIDIARIES
Notes to Consolidated Financial Statements
December 31, 2015 and 2014

13. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject Accion to concentrations of credit risk are investments, cash equivalents, and other interest-bearing investments. Approximately 30% and 41% of Accion's investments in affiliates are invested in the common stock of Genera, a Mexican-based bank (see Note 5) as of December 31, 2015 and 2014, respectively. In addition, one donor represented 52% and 67% of contributions receivable as of December 31, 2015 and 2014, respectively.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2016, which is the date financial statements were available for issuance. There were no subsequent events that required adjustments or disclosure in the financial statements.

SUPPLEMENTAL SCHEDULES

As noted in Note 2, Accion sold its entire ownership in SCM on January 15, 2015. Consequently Accion's consolidated financial statements no longer include Microlending subsidiaries as of December 31, 2015 therefore consolidating schedules are not presented as of and for the year ended December 31, 2015.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidating Schedule of Financial Position
December 31, 2014

	ACCION International*	Microlending Subsidiary**	Elimination Entries	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 41,153,190	\$ 878,872	\$ -	\$ 42,032,062
Short term investments	88,215,277	-	-	88,215,277
Notes receivable from affiliates	3,243,893	-	(814,797)	2,429,096
Grants receivable - net	2,880,247	-	-	2,880,247
Contributions receivable - net	403,197	-	-	403,197
Contracts receivable	2,071,368	-	-	2,071,368
Microloans receivable - net	-	3,134,574	-	3,134,574
Prepaid expenses	1,217,359	47,995	-	1,265,354
Deposits, advances and other receivables	602,571	-	-	602,571
Total current assets	<u>139,787,102</u>	<u>4,061,441</u>	<u>(814,797)</u>	<u>143,033,746</u>
NON-CURRENT ASSETS				
Cash restricted by foundation for long-term purposes	150,127	-	-	150,127
Notes receivable from affiliates	1,559,741	-	-	1,559,741
Grants receivable - net	3,396,131	-	-	3,396,131
Contributions receivable - net	494,870	-	-	494,870
Global Bridge Guarantee Program investments	7,547,484	-	-	7,547,484
Investments in affiliates	219,764,823	-	-	219,764,823
Investments in subsidiaries	9,044,641	-	(9,044,641)	-
Property and equipment - net	2,604,372	281,374	-	2,885,746
Total non-current assets	<u>244,562,189</u>	<u>281,374</u>	<u>(9,044,641)</u>	<u>235,798,922</u>
Total assets	<u>\$ 384,349,291</u>	<u>\$ 4,342,815</u>	<u>\$ (9,859,438)</u>	<u>\$ 378,832,668</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,696,494	\$ 288,470	\$ -	\$ 5,984,964
Deferred revenue	315,872	-	-	315,872
Notes payable	2,330,060	-	-	2,330,060
Total current liabilities	<u>8,342,426</u>	<u>288,470</u>	<u>-</u>	<u>8,630,896</u>
NON-CURRENT LIABILITIES				
Notes payable - net of current portion	4,014,110	3,219,899	(814,797)	6,419,212
Total non-current liabilities	<u>4,014,110</u>	<u>3,219,899</u>	<u>(814,797)</u>	<u>6,419,212</u>
Total liabilities	<u>12,356,536</u>	<u>3,508,369</u>	<u>(814,797)</u>	<u>15,050,108</u>
NET ASSETS				
Capital	-	9,044,641	(9,044,641)	-
Unrestricted				
Accion	359,662,257	(8,210,195)	(3,888,437)	347,563,625
Non-controlling interest in SCM	-	-	(29,883)	(29,883)
Non-controlling interests in Accion Investment in Nigeria	-	-	3,918,320	3,918,320
Total unrestricted net assets	<u>359,662,257</u>	<u>(8,210,195)</u>	<u>-</u>	<u>351,452,062</u>
Temporarily restricted	12,330,498	-	-	12,330,498
Total net assets	<u>371,992,755</u>	<u>834,446</u>	<u>(9,044,641)</u>	<u>363,782,560</u>
Total liabilities and net assets	<u>\$ 384,349,291</u>	<u>\$ 4,342,815</u>	<u>\$ (9,859,438)</u>	<u>\$ 378,832,668</u>

* ACCION International includes Centro ACCION Microempresarial, ACCION Gateway Fund, LLC, ACCION Technical Advisors, ACCION Beijing Consultation Services Company, Ltd, ACCION Africa Asia Investment Company, and Accion Investments in Microfinance Nigeria.

** Microlending subsidiary is ACCION Microfinancas-Sociedade de Credito ao Microempreendedor e a Empresa de Pequeno Porte, SA.

ACCION INTERNATIONAL AND SUBSIDIARIES
Consolidating Schedule of Activities
December 31, 2014

	ACCION International*	Microlending Subsidiary**	Elimination Entries	Consolidated
REVENUES				
Contributions and grants	\$ 17,822,344	\$ -	\$ -	\$ 17,822,344
Dividend and interest income from program services	1,056,868	2,855,435	(46,142)	3,866,161
Dividend and interest income from short-term investments	2,741,855	82,792	-	2,824,647
Contract revenues and training fees	4,515,773	-	-	4,515,773
Total revenues	<u>26,136,840</u>	<u>2,938,227</u>	<u>(46,142)</u>	<u>29,028,925</u>
FUNCTIONAL EXPENSES				
Program services				
Global Programs	17,288,164	-	-	17,288,164
Microlending	54,563	4,324,105	(46,142)	4,332,526
Global Investments	7,901,713	-	-	7,901,713
ACCION Investment Management Company	9,400	-	-	9,400
Center for Financial Inclusion	6,714,107	-	-	6,714,107
Communications	1,928,390	-	-	1,928,390
Total program services	<u>33,896,337</u>	<u>4,324,105</u>	<u>(46,142)</u>	<u>38,174,300</u>
Supporting services				
General and administrative	5,824,857	-	-	5,824,857
Fundraising	2,643,116	-	-	2,643,116
Total supporting services	<u>8,467,973</u>	<u>-</u>	<u>-</u>	<u>8,467,973</u>
Total functional expenses	<u>42,364,310</u>	<u>4,324,105</u>	<u>(46,142)</u>	<u>46,642,273</u>
Change in net assets from operations	(16,227,470)	(1,385,878)	-	(17,613,348)
Income taxes	(61,190)	(150,619)	-	(211,809)
Equity in income of equity investments	1,111,319	-	-	1,111,319
Deconsolidation of AMC	-	(3,049,160)	-	(3,049,160)
Change in net unrealized gain on investments	(27,889,020)	(190,514)	-	(28,079,534)
Net realized gain on investments	54,491,074	-	-	54,491,074
Foreign currency translation gains, net	(232,672)	(129,986)	-	(362,658)
Other	14,700	11,019	-	25,719
Change in net assets	<u>11,206,741</u>	<u>(4,895,138)</u>	<u>-</u>	<u>6,311,603</u>
Net assets - beginning of year	<u>336,210,752</u>	<u>(3,315,057)</u>	<u>-</u>	<u>332,895,695</u>
Adjustment to beginning net assets	<u>24,575,262</u>	<u>-</u>	<u>-</u>	<u>24,575,262</u>
Net assets adjusted beginning of year	360,786,014	(3,315,057)	-	357,470,957
Net assets - end of year				
Unrestricted	359,662,257	(8,210,195)	-	351,452,062
Temporary restricted	12,330,498	-	-	12,330,498
Net assets - end of year	<u>\$ 371,992,755</u>	<u>\$ (8,210,195)</u>	<u>\$ -</u>	<u>\$ 363,782,560</u>

* ACCION International includes Centro ACCION Microempresarial, ACCION Gateway Fund, LLC, ACCION Technical Advisors, ACCION Beijing Consultation Services Company, Ltd, ACCION Africa Asia Investment Company, and Accion Investments in Microfinance Nigeria.

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